

General Information Letter: The late payment penalty for returns due on or after January 1, 2001, will change from 20% to a graduated rate based on the lateness of the payment.

October 2, 2000

Dear:

This is in response to your letter dated February 15, 2000, which was received by the Legal Services Bureau on March 21, 2000, in which you request a Letter Ruling. Department of Revenue ("Department") regulations require that the Department issue only two types of letter rulings, Private Letter Rulings ("PLRs") and General Information Letters ("GILs"). PLRs are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. GILs do not constitute statements of agency policy that apply, interpret or prescribe the tax laws and are not binding on the Department. For your general information, the regulation governing the issuance of letter rulings, 2 Ill. Adm. Code Part 1200 regarding rulings and other information issued by the Department, can be accessed at the Department's website. That address is www.revenue.state.il.us/legalinformation/regs/part1200. The nature of your question and the information provided require that we respond only with a GIL.

In your letter you state as follows:

I am writing to request more information on Public Act No. 91-803, L.2000, H3240. I have enclosed the article that appeared in the RIA State and Local Taxes Weekly.

In the article, the sentence states that the penalty for paying the tax shown due on a return will decrease from the automatic 20% for being 1 day late now, to 2% if it is paid within 30 days and up to 15% if paid no later than 180 days after it is due. The specific question we are looking for an answer to is whether this lower penalty will apply to the estimated tax penalty?

If you could send us a copy of the actual document we would appreciate it. We have looked at the IL web site and were unable to retrieve this information.

Please find enclosed herewith a copy of P.A. 91-803. As you can see at par. B-10 (highlighted), for returns due on and after January 1, 2001, the new penalty rate provisions do indeed apply to the penalty for underpayment of estimated tax.

We trust that this GIL adequately responds to your inquiry. If you have any further questions regarding this GIL, you may contact this office at (217) 782-7055. If you have further questions regarding the Illinois Income Tax Act, you may access the website referenced above or contact the Department's Taxpayer Information Division at (217) 782-3336.

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Sincerely yours,

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